

AGENDA: June 15, 2010

5.1

CATEGORY: Public Hearing

DEPT.: City Manager and Finance and
Administrative Services

TITLE: Public Hearing for the Fiscal Year 2010-11
Proposed Budget

RECOMMENDATION

Convene a public hearing, accept public comment, consider the Fiscal Year 2010-11 Proposed Budget and take straw votes on the following items:

1. Fiscal Year 2010-11 City of Mountain View Operating Budget;
2. Fiscal Year 2010-11 Mountain View Revitalization Authority Budget;
3. Fiscal Year 2010-11 Mountain View Shoreline Regional Park Community Budget;
4. Fiscal Year 2010-11 City of Mountain View Capital Improvements Financing Authority;
5. Funding of Fiscal Year 2010-11 Adopted Capital Improvement Program; and
6. Miscellaneous Fee Modifications.

FISCAL IMPACT

There is no fiscal impact by these actions as they are preliminary in nature. Adoption of the Fiscal Year 2010-11 budgets, utility rates and fee increases is scheduled for the June 22, 2010 Council meeting. Adoption of the Fiscal Year 2010-11 budget resolutions at that meeting will authorize a financial plan for City services and projects for the upcoming fiscal year.

BACKGROUND AND ANALYSIS

City Charter Sections 1103-1105 specify the process for adoption of the annual budget. The process requires submission by the City Manager of a Proposed Budget for the upcoming fiscal year followed by a public hearing on the Proposed Budget, then adoption of the final budget. This public hearing will provide a 13th opportunity for public input on next fiscal year's City Council goals and budget and will comply with the City Charter's procedural requirements. Any changes to the Proposed Budget approved by Council prior to formal adoption of the budget resolution will be included in the Adopted Budget.

AGENDA: June 15, 2010

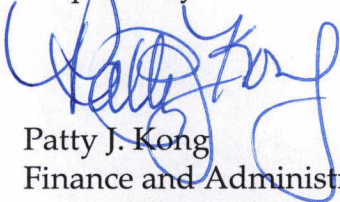
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The Proposed Budget document is available for public review in the City Clerk's Office and the City Library. The Proposed Budget document may be obtained from the Finance and Administrative Services Department or is available on the City's web site at www.mountainview.gov/BudgetDocuments.asp.

PUBLIC NOTICING

In addition to the agenda posting, a notice of the public meeting was published in two newspapers of general circulation.

Prepared by:



Patty J. Kong
Finance and Administrative
Services Director

Approved by:



Kevin C. Duggan
City Manager

PJK/HMA/4/CAM
530-06-15-10M-1^



CITY OF MOUNTAIN VIEW, CALIFORNIA

FISCAL YEAR 2010-11 PROPOSED BUDGET

Mission Statement:

The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner.

On the cover: Fire Station No. 5

The City of Mountain View will construct a new Fire Station No. 5 at the northeast corner of North Shoreline Boulevard and Crittenden Lane, near the entrance to Shoreline at Mountain View Regional Park. The new building is designed to qualify for a Leadership in Energy and Environmental Design (LEED) Silver certification from the United States Green Building Council. Construction is scheduled to begin in July 2010 and be completed in February 2012.

THE CITY OF MOUNTAIN VIEW, CALIFORNIA OPERATING BUDGET FISCAL YEAR 2010-11

CITY COUNCIL:

Ronit Bryant, Mayor
Jac Siegel, Vice Mayor

Margaret Abe-Koga
John Inks
R. Michael Kasperzak, Jr.
Laura Macias
Tom Means

Submitted by:
Kevin C. Duggan, City Manager

Prepared by:
Nadine P. Levin, Assistant City Manager/Human Resources Director
Patty J. Kong, Finance and Administrative Services Director
Suzanne Niederhofer, Assistant Finance and
Administrative Services Director
Helen M. Ansted, Principal Financial Analyst
Elliot Young, Administrative Analyst

City of Mountain View California

City Officials

City Council

Ronit Bryant, Mayor

Jac Siegel, Vice Mayor

Margaret Abe-Koga

John Inks

R. Michael Kasperzak, Jr.

Laura Macias

Tom Means

City Staff

Kevin C. Duggan, City Manager

Nadine P. Levin, Assistant City Manager/Human Resources Director

Jannie Quinn, City Attorney

Angelita M. Salvador, City Clerk

Randal Tsuda, Community Development Director

David A. Muela, Community Services Director

Patty J. Kong, Finance and Administrative Services Director

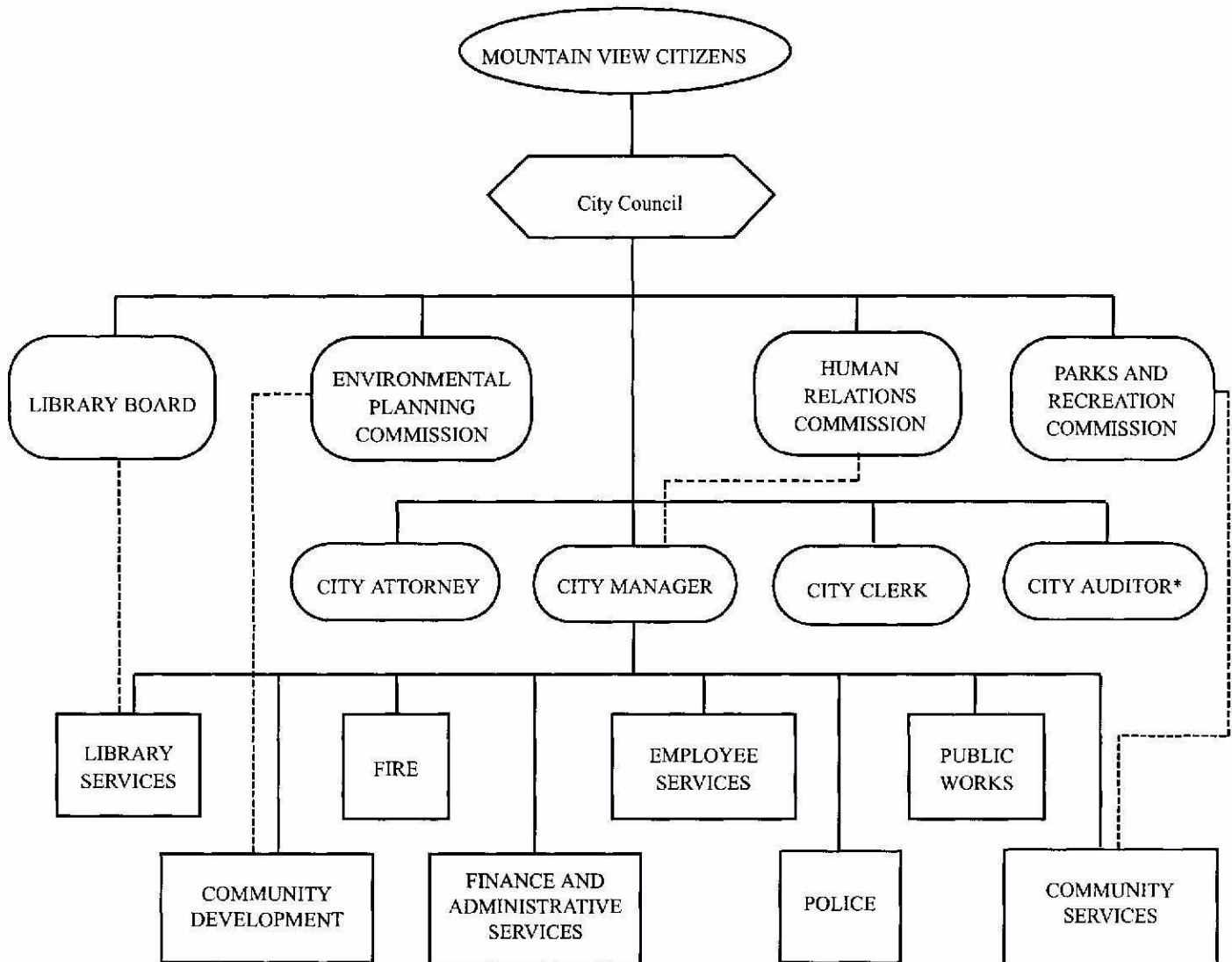
Bradley C. Wardle, Fire Chief

Rosanne M. Macek, Library Services Director

Scott S. G. Vermeer, Police Chief/ Assistant City Manager of Public Safety

Michael A. Fuller, Public Works Director

CITY GOVERNMENT ORGANIZATION



KEY:

	ELECTED		LINE OF COMMAND
	APPOINTED BY COUNCIL		STAFF SERVICES
	APPOINTED BY CITY MANAGER		

FISCAL YEAR 2010-11 POSITION TOTALS:

7	Councilmembers
24	Commission and Board Members
602.25	Full-Time and Permanent Part-Time
3.0	Limited-Period
60.06	Hourly Positions

*Finance and Administrative Services Director serves as City Auditor

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**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: June 3, 2010
TO: City Council
FROM: Kevin C. Duggan, City Manager
SUBJECT: PROPOSED BUDGET FOR FISCAL YEAR 2010-11

RECOMMENDATION

That the City Council review and adopt the proposed General Fund, Special/Utility Fund and all other budgets for Fiscal Year 2010-11.

INTRODUCTION/BACKGROUND

The City Council has been engaged in an extensive process over the past 12 months to develop the proposed City of Mountain View budget for Fiscal Year 2010-11. The first Study Session in this process was held last June in recognition of the effort that would be required to adopt a fiscally responsible budget for the upcoming fiscal year. For the first time in many years, the General Operating Fund budget for the current fiscal year (2009-10) was not structurally balanced. While a projected \$6.0 million operating deficit was reduced to \$1.6 million, the City Council and staff recognized that an extensive effort would be required to achieve a structurally balanced budget for Fiscal Year 2010-11. This Proposed Budget returns structural balance to the General Operating Fund and also proposes financially sound budgets for the special/utility funds.

The proposed General Operating Fund budget incorporates a series of strategies comprised of operational efficiencies, expenditure reductions, compensation cost containment and greater cost recovery for certain services (fee adjustments) to achieve a structurally balanced budget. Achieving a structurally balanced budget is a significant accomplishment, recognizing the severity of the "Great Recession" from which the nation and world are slowly emerging. It is a goal that many other cities will not be achieving.

The major steps in the budget process up to this time are outlined in the next section of this report (Process to Date). The most recent City Council budget review was on May 4, when a recommended "Budget Balancing Blueprint" for the General Operating Fund was presented to the City Council and was generally endorsed. Also, that

evening, a series of recommended budgets were reviewed for the various Special and Utility Funds. Reserve balances and allocation recommendations were also reviewed.

All of these recommendations, as well as updated recommendations outlined in this memo, have been incorporated into the Proposed Budget document.

PROCESS TO DATE

As outlined in the Budget Balancing Blueprint report for May 4, an intensive and iterative process has been followed leading up to the presentation of this Proposed Budget. This process was implemented in recognition of the significant challenge that the City faced in developing a structurally balanced General Operating Fund budget for the upcoming fiscal year. This process has been as follows:

- **June 23, 2009:** Initial budget Study Session for the Fiscal Year 2010-11 budget. At this Study Session, a preliminary discussion was held regarding the anticipated challenges for balancing the Fiscal Year 2010-11 budget, including the existence of a carryover deficit from the Fiscal Year 2009-10 budget.
- **September 29, 2009:** A report on the preliminary work done on examining potential expenditure reductions and a discussion further refining the remainder of the process.
- **November 4 and November 7, 2009:** Community Budget Briefing Workshops.
- **January 26, 2010:** A budget workshop to review and confirm a proposed budget strategy, approach and principles on which to develop a proposed budget.
- **February 23, 2010:** A review of potential General Operating Fund expenditure reductions.
- **April 6, 2010:** A review of potential revenue/fee for service adjustments and a proposed recreation program cost recovery policy.
- **April 13, 2010:** A review of current, carryover and potential new Major City Goals.
- **April 20, 2010:** Review of a proposed Five-Year Capital Improvement Program.
- **May 4, 2010:** A review of the recommended "Budget Balancing Blueprint" for the General Operating Fund and the recommended budgets for the Special and Utility Funds. Provided feedback regarding the budgets relating to both revenue and expenditure recommendations.

- **May 25, 2010:** Adoption of Five-Year Capital Improvement Plan.
- **June 1, 2010:** Adoption of Major City Goals for Fiscal Year 2010-11.

GENERAL OPERATING FUND "BUDGET BALANCING BLUEPRINT": UPDATE AND PROPOSED BUDGET

General Operating Fund Revenue/Expenditure Update

Since the last budget Study Session on May 4 (General Operating Fund Budget Balancing Blueprint), some additional information has been received that affect revenue/expenditure projections and the projected deficit for Fiscal Year 2010-11. The projected deficit has now been adjusted upward from \$4.3 million to \$4.6 million. The primary factors for this change relate to property tax revenue and health insurance costs.

On May 20, the County Assessor's Office announced updated information regarding the property tax roll that impacts the upcoming fiscal year. Based on a record number of reductions in the assessed value of properties and projections regarding additional reductions between now and July, we have reduced the General Operating Fund's property tax revenue estimate by \$190,000. It should be noted that additional reductions in assessed value, particularly relating to commercial properties, will impact property tax revenue in future fiscal years.

The other major factor is that the previously estimated employee health insurance premium rates have been finalized. The actual costs will be higher than previously estimated by \$135,000.

Both of these factors result in an additional \$325,000 of projected deficit for a "status-quo" budget. Even with this change, this Proposed Budget is structurally balanced.

General Operating Fund Budget Balancing Blueprint

As noted above, a recommended General Operating Fund "Budget Balancing Blueprint" for developing a structurally balanced budget for Fiscal Year 2010-11 was presented to the City Council on May 4. Based on City Council feedback regarding this plan, the proposed General Operating Fund budget has been prepared. In summary, the

"blueprint" was composed of the following components to address the General Operating Fund structural deficit for the upcoming fiscal year:

Operational Efficiencies:	\$1.0 million
Expenditure Reductions (services and staffing):	1.3 million
Increased Cost Recovery for Fee-Based Services:	1.0 million
Compensation Cost Growth Containment:	<u>1.0 million</u>
	<u>\$4.3 million</u>

As was noted in that report, the amount actually achieved via Compensation Cost Growth Containment and Increased Cost Recovery (revenues) would determine the amount of expenditure reductions required to achieve a structurally balanced budget. The following is an update regarding the four components of the strategy:

- **Operational Efficiencies:**

Consistent with our goal of achieving a structurally balanced budget with as few impacts on our residents, customers and employees as possible, the first priority was to reduce cost via "operational efficiencies." These are a series of measures evaluated as being able to reduce costs without impacting service levels. Approximately \$1.0 million of such efficiencies was identified in the Budget Balancing Blueprint. Since May 4, an additional \$250,000 is being recommended in this category.

Based on further evaluation of energy costs (PG&E), we believe we can reduce the budget for energy costs by an additional \$50,000, partially due to conservation efforts.

It is also recommended that the General Operating Fund's annual contribution to the Equipment Replacement Fund (a total of \$2.1 million) for Fiscal Year 2010-11 be reduced by \$200,000 (these proposals were previously identified in Tier 2 and Tier 3 of the expenditure reductions category). This is in anticipation of being able to reduce costs associated with equipment replacement (primarily vehicles) based on a study to be conducted during the upcoming fiscal year designed to identify ways to reduce cumulative vehicle replacement costs via:

- Reducing the expense of vehicles purchased (type of vehicles).

- Reducing the overall vehicle fleet (number of vehicles) by:
 - Reducing the number of vehicles assigned to individual employees.
 - Reducing the number of "take-home" vehicles.
- Extending the time line for vehicle replacement.

We will also be examining the potential for extending the life and reducing the replacement cost for other equipment, including desktop and laptop computers.

These actions will increase the category of "Operational Efficiencies" to a total of \$1.3 million. A total of 3.5 positions (all vacant) are being eliminated in this "prong" of the strategy.

- **Increased Cost Recovery for Fee-Based Services:**

The City Council has had a series of discussions regarding the potential for increased cost recovery for fee-based services being an important ingredient in a strategy to achieve a structurally balanced General Operating Fund budget. The most recent review of this topic was on May 4. Based on City Council comments and questions and public input, staff has reviewed the recommended adjustments and is making modified proposals. Adjustments have been made in some categories to the total fee proposed and/or to phasing in the increase.

These adjustments are outlined in Attachment A. In summary, the modified recommendations will result in an estimated increase in annual revenue of \$969,700. Recognizing the two-year phase-in of some fees and the delayed impact (due to implementation timing) of other fees, it is recommended that \$138,400 of Budget Contingency Reserve funds be used to temporarily backfill this amount for the upcoming fiscal year. If the City Council concurs with staff's proposals, our estimate is that the additional revenue generated will approximate the \$1.0 million goal established. Obviously, fee yields will need to be monitored and revenue estimates updated based on actual experience.

- **Compensation Cost Containment:**

Staff has continued to review with the various employee organizations the City's financial status and the impact that the estimated increase in employee compensation for next fiscal year (\$2.8 million) will have on the City's ability to minimize the impacts on employees and the public from expenditure reductions. As noted above, a goal of a minimum of \$1.0 million in compensation cost growth

containment was endorsed by the City Council. It should be emphasized that the proposal does not ask employees to reduce their current compensation, but to simply help control the **growth** in compensation next fiscal year. By the cooperation of all employees and their representative organizations, the negative impacts on services and staffing can be greatly reduced. See Attachment B for a summary of employee cost containment.

The amount of assured compensation cost containment (agreed to by employee organizations or otherwise within the City's purview to implement) as of June 1 is approximately \$537,000. This amount is the basis for the expenditure reductions proposed for the upcoming fiscal year. As noted later, while the \$537,000 will reduce the amount of position reductions and service delivery impacts that will be experienced, not achieving the full goal of \$1.0 million will result in a greater number of position reductions (and, therefore, services reduced) than originally hoped. If additional cost savings are achieved prior to budget adoption, some of the additional position reduction proposals can be withdrawn.

- **Expenditure Reductions (Services and Staffing):**

Since the three strategies described above are not sufficient to achieve a structurally balanced budget, a series of expenditure reductions ("Tier 1" of Attachment C) were outlined in the "blueprint" presented on May 4. These proposals have negative impacts and affect both the services we provide to the public and staffing. Except for the overriding need to return to structural balance in the General Operating Fund in order to assure the City's ongoing financial stability, these are clearly actions that would ideally be avoided. Approximately \$1.3 million of these "Tier 1" reductions were identified and assumed in the "blueprint." These original recommendations impact a variety of services and result in the reduction of 8.5 positions (1.5 filled positions).

While the ability to achieve approximately \$537,000 of employee compensation cost growth containment has avoided the necessity of reducing an even greater number of positions (including additional filled positions) in "Tier 2," the failure to achieve the full \$1.0 million goal of compensation growth cost containment as of this time requires an additional reduction of five positions. These positions are the following:

- Supervising Librarian
- Community Services Officer
- Tree Trimmer I/II
- Parks Maintenance Worker III
- Police Records Specialist

Two (2.0) of these positions are currently filled. One (1.0) of the two (2.0) is expected to be vacant by the end of the fiscal year due to a retirement.

The elimination of these positions will have impacts on our residents, customers and employees. Our residents/customers will experience some decrease in service, including decreased park and landscape maintenance and reduced Police Department support services. Current employees could be displaced from their positions and remaining employees will experience increased workloads. If additional employee compensation cost containment is confirmed prior to the budget hearing on June 15, a modified proposal regarding position reductions will be presented at that time.

It is recommended that \$128,000 of Budget Contingency Reserve funds be used to temporarily extend the funding of filled positions until December 31, 2010 in order to hopefully identify alternative positions for these individuals to fill or to provide additional time to develop appropriate transition plans.

Based on the above, the updated General Operating Fund Budget Balancing Blueprint is as follows:

Operations Efficiencies:	\$1.3 million
Expenditure Reductions (Services and Staffing):	1.8 million
Increased Cost Recovery for Fee-Based Services:	1.0 million
Compensation Cost Containment:	<u>0.5 million</u>
	<u>\$4.6 million</u>

The Proposed Budget structurally balances the General Operating Fund budget with a projected \$59,000 positive balance.

SPECIAL AND UTILITY FUNDS

- **Building Inspection Fund (GF):**

The Building Inspection Fund operates as a separate fund within the General Fund. It is designed for building inspection services to be completely self-supporting from fees (and, therefore, not placing a demand on other General Operating Fund revenues) while also assuring that fees collected for inspections are used for that purpose.

Due to the recession and dramatically slowed private development activity, budgeted expenditures were estimated to exceed revenues by approximately \$1.0 million at the time of budget adoption for the current fiscal year. Based on actual experience during the fiscal year, the deficit is projected to be approximately \$162,000 for the current fiscal year. The Proposed Budget estimates a potential shortfall in this fund of \$388,000 for Fiscal Year 2010-11. Increased development activity, with a slowly improving economy, could erase this projected deficit. Additionally, the fund has a significant reserve to respond to fluctuations in building activities (currently estimated at \$5.1 million). No significant changes are proposed to this fund.

- **Shoreline Golf Links Fund (GF):**

The Shoreline Golf Links Fund also operates as a separate fund within the General Fund. This fund is facing significant financial challenges with an increasing gap between operating revenues and expenditures. While this fund's reserve has been backfilling for any deficits, the reserve is estimated to be essentially depleted by the end of the upcoming fiscal year. The current fiscal year budget is estimated to require a draw-down on the reserve of \$552,000. This demand on the reserve is estimated to increase to \$813,000 for Fiscal Year 2010-11. The reserve for this fund was \$1.4 million at the end of Fiscal Year 2008-09 and could be under \$100,000 by the end of Fiscal Year 2010-11. Significant changes to the financial structure (including revenues and expenditures) of this fund are required to address this challenge. A Study Session on this topic is scheduled to be held prior to the end of June.

- **Downtown Revitalization Authority Fund:**

The Revitalization Authority (Authority) Fund was established in 1969 to assist with the redevelopment of downtown Mountain View. The Authority has been instrumental in helping accomplish the goal of creating a vibrant, healthy and economically viable downtown. The Fund is in good financial condition with its revenues able to cover its expenditures (including operating costs, debt service on bonds and capital project expenditures). The only significant expenditure change in the Proposed Budget is \$2.3 million from the Housing Set-Aside Fund for the Downtown Family Housing Project.

The major issue associated with this fund is the currently scheduled expiration of the Authority project area in April 2011. The City Council has asked staff to report on options associated with this expiration deadline. Options regarding potential short- or long-term extension of the District will be reviewed. If extended, impacts

on affected taxing agencies will need to be addressed. If not extended, a "wind-down" plan will need to be finalized and implemented.

- **Shoreline Regional Park Community Fund:**

This district/fund was created in 1969 to facilitate the development and support of the Shoreline Regional Park and the surrounding North Bayshore Area. This fund is in good financial condition and able to meet its financial obligations. Expenditures in this fund include payments to Santa Clara County, the Mountain View Whisman School District and the Mountain View-Los Altos High School District. Included in the Proposed Budget are additional appropriations for maintenance activities in the district, including proposed capital improvement projects of \$796,000. Notable issues include the proposed creation of a \$10.0 million reserve for potential "strategic economic development initiatives" that could encompass investments in projects or land acquisition. Additionally, a tax allocation bond issue is anticipated to fund the construction of Fire Station No. 5, the Permanente Creek Trail Highway 101 Overcrossing Project and the Shoreline Sports Complex (playing fields) Project.

The City's enterprise utility funds are funded by the rates charged to customers. In a July 2006 California Supreme Court decision (Bighorn), the Court ruled that utility rates charged by governmental entities for water, sewer and refuse services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article 130 of the California Constitution. Proposition 218 (as now interpreted) requires government agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. A notice must be mailed no later than 45 days prior to the public hearing, include the proposed rate adjustment, the calculation methodology and describe the process for submitting a protest vote to the rate adjustments.

The notices sent out April 24, 2009 (last fiscal year) provided for future inflationary increases and increases for pass-through costs. This allows for future rate increases within the prescribed limits to be approved without having to hold a hearing each fiscal year for up to an additional four years as provided by the legislation. For Fiscal Year 2010-11, the proposed rate increases fall within the pass-through and inflationary guidelines and, therefore, a Proposition 218 hearing is not needed. Staff will be mailing a notification letter of the proposed rate increases before the adoption of the Fiscal Year 2010-11 budget.

- **Water Enterprise Fund:**

The Water Enterprise Fund comprises the City's water utility and operates as a separate financial entity from the City's General Operating Fund. No general-purpose taxes support the City's water utility. Charges to customers fully fund this utility service. Even though the fund's expenditures for the current fiscal year will exceed revenues by approximately \$2.0 million (after taking into consideration the net change in assets), this is due to a high level of capital projects in addition to a payment to cover previously accrued retirees' health insurance costs. With the proposed 5.0 percent rate increase, Fiscal Year 2010-11 revenues match Fiscal Year 2010-11 expenditures. The need for the 5.0 percent rate increase is directly related to the 15.2 percent increase in wholesale water costs from the San Francisco Public Utilities Commission (Hetch-Hetchy), which accounts for 86.0 percent of the utilities water supply. This enterprise fund will remain in stable financial condition with the proposed 5.0 percent increase.

- **Wastewater Enterprise Fund:**

The Wastewater Enterprise Fund is another separate financial entity from the General Operating Fund. Like the other enterprise funds, it provides 100.0 percent cost-recovered, fee-based services to its customers. While originally budgeted to have an approximate \$608,000 deficit for the current fiscal year, a higher than expected credit from the jointly funded wastewater treatment plant is the primary reason this fund is currently estimated to have a balance of approximately \$2.2 million (after taking into consideration the net change in assets) for Fiscal Year 2009-10. Based on the favorable condition of this fund, it is projected the Fiscal Year 2010-11 budget can be balanced without a rate increase. Therefore, no rate increase is proposed for Fiscal Year 2010-11 for the Wastewater Enterprise Fund.

- **Solid Waste Management Enterprise Fund:**

The Solid Waste Management Enterprise Fund is the City's utility fund that provides resources for solid waste-related services, including refuse collection and disposal, recycling services, street sweeping and maintenance of two of the City's three closed landfills. It is also exclusively supported by fees charged to customers—not general-purpose taxes.

While expenditures for the current fiscal year are on target, City-budgeted waste disposal revenues are down in excess of \$600,000 due to the impacts of the recession (primarily decreased commercial/office demand for service). Expenditures are currently projected to exceed revenues for the current year by

\$1.3 million (after taking into consideration the net change in assets). In addition to the decline in revenues, cost increases associated with the SMaRT® Station and our contract for refuse and recycling collection with Recology (formerly Foothill Disposal), and other program cost increases, are resulting in greater than normal growth in expenditures. These factors combine to require a 12.0 percent rate increase to achieve a balanced budget. However, recognizing the still tenuous nature of the economy and its impacts on our residents and businesses, an 8.0 percent rate increase is being proposed. This will result in a draw-down on the fund's "working capital" from an estimated balance of \$1.5 million to a projected balance of \$770,000 (in addition to this fund's reserve of \$2.6 million). Without a recovery of business volume and resulting revenues, the 8.0 percent (versus 12.0 percent) rate increase could require higher than average rate increases in future years.

GENERAL FUND CARRYOVER BALANCE AND RESERVES

The Proposed Budget recommends the use of a limited amount of General Fund Carryover Balance and allocates funding to maintain/restore reserve levels for several City reserves.

Due to the City's very challenging financial circumstances, estimated General Fund Carryover Balance (a combination of an operating balance estimated to be \$266,000 and one-time revenue and expenditure savings of \$1.4 million) is projected to be a very modest \$1.7 million. Proposed limited-period expenditures, transition funding and supplemental funding for compensated absences will require an estimated \$3.0 million. These areas will exceed the estimated carryover balance and require a transfer of approximately \$1.3 million from the Budget Contingency Reserve. These and other demands will result in the Budget Contingency Reserve being reduced from an estimated \$7.8 million to approximately \$6.5 million by the end of Fiscal Year 2010-11.

As noted, the General Fund Budget Contingency Reserve is being used to assist with the Fiscal Year 2010-11 budget. Of the currently estimated balance in this reserve of \$7.8 million, approximately \$1.3 million is being allocated in this budget for the following purposes:

Limited-Period Expenditures:	\$743,000
Transition Funding for Employees in Eliminated Positions:	\$128,000
Revenue Backfill	\$138,000
Supplemental to Compensated Absences Fund	\$2,000,000

The only other significant proposals regarding reserves involves a transfer of \$525,000 from the Workers' Compensation Reserve to the Liability Self-Insurance Reserve in order to rebalance both reserves.

SUMMARY AND CONCLUSION

The City of Mountain View is concluding another year of significant financial challenge. The "Great Recession" has taken a toll on this community, as it has throughout the country and world. However, the City of Mountain View has aggressively addressed this challenge in a number of ways. In addition to continuing with a focused and purposeful economic development effort to assist with the City's long-term recovery, the challenge of declining revenues, in conjunction with increasing expenditures, has been confronted aggressively. An estimated \$6.0 million structural deficit for the current fiscal year was reduced to \$1.6 million as a result of implementing a series of aggressive strategies in conjunction with the adoption of the current fiscal year's budget.

The Proposed Budget will restore the General Operating Fund's structural balance through a series of proposals regarding revenues (primarily increased cost recovery through fees for service modifications), expenditure reductions and containing the growth of employee compensation costs. The Proposed Budget is a reasonable plan to restore the General Operating Fund to structural balance.

In the coming weeks, the City Council will review potential mid-/long-term strategies to assist in maintaining a structurally balanced budget and to assure the City's long-term fiscal sustainability.

Achieving the goal of a structurally balanced budget (which is eluding many other communities) would be a major accomplishment in the context of the severe economic conditions experienced over the past two years. While this effort has not been easy, with difficult choices and with some unfortunate consequences, the restoration of structural balance will significantly increase the likelihood that the City will be able to recover with a recovering economy without major damage to service capacity or financial stability.

The Proposed Budget also makes recommendations regarding the City's other funds to generally keep them in appropriate financial condition. A limited number of reserve modifications are also being proposed.

The development of this Proposed Budget could not have been accomplished without the hard work and creativity of many members of the City organization. The department heads have worked diligently under significant pressure to develop difficult, but

responsible, recommendations for expenditure reductions. An interdepartmental staff team spent untold hours reviewing and developing fee-for-service recommendations. A number of employee organizations have stepped up to help contain the growth in the City's No. 1 expenditure area—employee compensation. Members of the "budget team" have demonstrated creativity and tenacity in tackling this difficult problem. And the members of the City Council have endured a long series of Study Sessions, stretching back to last June, to review budget issues and provide incremental policy direction.

We are on the verge of accomplishing what few California cities are able to achieve in this economy—a structurally balanced budget. While this will not be done without some difficult decisions, it is the single most important action the City Council can take to assure the City's long-term financial success while protecting essential as well as "quality-of-life services" for the Mountain View community.

I look forward to reviewing this Proposed Budget with you on June 15 and June 22.



Kevin C. Duggan
City Manager

KCD/PJK/2/BUD
546-06-15-10M-E^

- Attachments:
- A. Status of Employee Compensation Cost Containment
 - B. Revenue Enhancements for Fiscal Year 2010-11
 - C. Fiscal Year 2010-11 Proposed General Operating Fund Budget Reductions

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REVENUE ENHANCEMENTS FOR FISCAL YEAR 2010-11

INTRODUCTION

On April 6, 2010 and on May 4, 2010, the City Council reviewed specific proposals regarding the second prong, revenue enhancements, in the City's three-pronged approach to structurally balance the City's General Operating Fund budget for Fiscal Year 2010-11. The major focus of the potential revenue enhancements presented was to increase the cost recovery for existing services and suggest potential new fees. At the April and May Study Sessions, the City Council reviewed:

- Draft Cost-Recovery Policy for Recreation Services/Programs.
- Recommended changes to existing fees.
- Identification of potential new fees.

Based on City Council comments and public comments regarding the potential array of revenue enhancements, some proposals have been further reviewed and refined. A Historic Preservation Permit Fee is no longer recommended, and the City Council has indicated it is not interested in pursuing a Shoreline Park Parking Fee. As will be described, there have been modifications to some of the initial recreation fee proposals based on Council comments, additional benchmarking with other cities, more detailed review with user groups and concern regarding how program participation might be affected. In addition, some recreation fees are now recommended to be phased in over a two-year period to smooth the increase to customers.

With these refinements, the projected revenue from recommended fee increases is \$969,700, essentially meeting the \$1.0 million goal for enhanced revenue. This projection is \$83,000 below the preliminary \$1.1 million projection presented in May, due to the refinements to recommended recreation fees.

This attachment reviews the major categories of fee recommendations and highlights changes that have occurred since the May Study Session. The comprehensive schedule of fee recommendations is attached in a series of exhibits.

OVERVIEW OF PROPOSED FEE ADJUSTMENTS

The table below summarizes the proposed fee revenue adjustments. Fee proposals for Community Development, Public Works, Library Services and Police are the same as presented at the May Study Session and are summarized below and detailed in Exhibit 1. Adjustments to Community Services recreation fees are described below.

Proposed Fee Revenue

Community Development	\$ 55,100
Community Services:	
Center for the Performing Arts	36,500
Forestry	46,600
Recreation	<u>554,300</u>
Subtotal—Community Services	\$637,400
Library Services	200
Police	221,900
Public Works	<u>55,100</u>
Total Recommended Fee Revenue	<u>\$969,700</u>

MODIFICATIONS TO PROPOSED RECREATION COST-RECOVERY POLICY AND CORRESPONDING FEES

The following information summarizes the proposed adjustments to the draft Cost-Recovery Policy and corresponding fees. Exhibit 2 is the revised schedule of proposed fees. Fees that have been modified since the May Study Session are bolded on the exhibit.

Los Altos-Mountain View Aquatics Club (LAMVAC) (No. 20)

Originally, staff recommended that LAMVAC be placed in Level 3 of the draft Cost-Recovery Policy based on exclusive use of a facility. After learning more about the structure of LAMVAC programs and the ability for interested swimmers to join the swim club anytime throughout the year, staff recommends moving LAMVAC to Level 2, which would be consistent with other youth sports organizations. The original cost-recovery proposal for LAMVAC indicated the hourly fee would be \$76 per hour, which equated to 122 percent of direct costs. The new hourly fee proposed will be

\$44 per hour (70 percent of direct costs—consistent with fees charged for other youth sports organizations). The cost increase for LAMVAC is proposed to be phased over a two-year period.

Mountain View Masters (Nos. 53 and 54)

Staff collected additional information regarding the rental fees other cities charge Masters programs for use of a pool. Based upon this information, it was determined that the City's current amount of cost recovery for Mountain View Masters exceeds the cost recovery for Masters programs in surrounding cities. As a result, staff no longer recommends a fee increase for the Mountain View Masters Program.

Nonresident Policy

Council expressed a desire for nonresident fees to be set higher than fees for residents. The draft Cost-Recovery Policy recommends that nonresident fees be set at 25 percent higher than resident fees with a \$1 minimum. While one other city sets its nonresident rate at 30 percent higher than the resident rate, staff believes that 25 percent would be the appropriate nonresident charge for Mountain View. Staff is concerned that setting the rate higher could negatively impact participation in programs.

When applying the proposed 25 percent nonresident fee to the recommended recreation fees, in a handful of cases (such as the fee for the Recreation Swim Day Pass), the actual amount of the resident fee increase is higher than the nonresident fee increase. As a practical matter, the sharper increase to resident fees will happen only in programs such as Aquatics where, historically, the level of City subsidy has been greater. As all recreation fees move toward market rates for cost recovery, future adjustments to resident rates should generally be less and always be 25 percent less than nonresident rates.

Senior Nonresident Rate (Nos. 3, 4 and 6)

Historically, Mountain View has identified seniors as a target population and offered services at reduced rates. For programs such as Aquacize, Aquatic Fitness and Lap Swim, a discounted senior rate has been offered to senior nonresidents as well. The original fee proposal eliminated the senior nonresident rate for aquatics programs, which would have sharply increased the cost for a senior nonresident to participate in aquatics programs in Mountain View. After further consideration, staff proposes that the senior nonresident rate category continue and be consistent with the draft Cost-Recovery Policy of 25 percent more than the senior resident rate.

Aquatics Fees (Nos. 3, 4, 5, 45 and 46)

The proposed fee increases for Lap Swim, Aquacize and Aquatic Fitness were trending toward the higher end of comparable rates. Concerns were raised by participants that

the fee increases were too steep. After review, staff recommends lowering the fee increases to the lower end of comparable rates. This would still move the programs toward a higher percentage of cost recovery than current rates and keep the cost increase at a manageable rate for participants.

Willowgate Community Garden (No. 14)

Staff revisited the prioritization of the Willowgate Community Garden as part of the draft Cost-Recovery Policy levels. Although gardeners expressed the viewpoint that community gardens provide benefits to the greater community, due to the exclusive use of the garden by individual plot permit holders, staff recommends that the Willowgate Community Garden stay in Level 3. In consideration that some gardeners at Willowgate may be seniors, the Senior Garden rate of \$42 is recommended for Willowgate gardeners who are seniors (55 or older). Offering a senior rate would be consistent with the City philosophy of supporting senior programs and services at a reduced rate.

YMCA Fee (No. 32)

The YMCA operates a youth basketball league at the Mountain View Sports Pavilion and the Whisman Sports Center yearly during the months of January through March. The City provided a special half-court hourly rate for the YMCA of \$20. Staff originally proposed eliminating the discounted rate. In order to be consistent with other youth sports organizations and as an opportunity to further partner with schools and nonprofits serving youth, a revised half-court gym rental rate of \$29 per hour is proposed in Level 2.

Phasing

Since many recreation fees were below market, the movement toward market rate and increased cost recovery may be significant in some cases. Staff reviewed the proposed increase for each fee and recommends phasing for programs such as Senior Lap Swim, Aquacize, Aquatic Fitness, LAMVAC, gym rentals, Willowgate Community Garden and holiday classes. Phasing will help keep participation numbers high while participants gradually become accustomed to the new fees for service.

CONCLUSION

One of the three prongs proposed to structurally balance the Fiscal Year 2010-11 General Operating Fund budget is achieving additional revenues through higher levels of cost recovery. Staff has developed a draft Cost-Recovery Policy for recreation fees, and that policy has been reviewed by the Parks and Recreation Commission (PRC). The PRC concurred with staff's categorization of services and that the policy is in alignment with the Recreation Plan. Staff has also reviewed all fees proposed for modification and indentified those fees that are proposed to be phased in over a two-year period. The estimated shortfall in revenues, due to the delay in implementing the full recommended fee, is proposed to be backfilled for Fiscal Year 2010-11 by the Budget Contingency Reserve in the amount of \$138,400.

A summary of revenues generated by the recommended fee adjustments is as follows:

Community Development	\$ 55,100
Community Services:	
Center for the Performing Arts	36,500
Forestry	46,600
Recreation Fees	554,300
Library Services	200
Police Department	221,900
Public Works	<u>55,100</u>
 Total Additional Revenue	 <u>\$969,700</u>

Based on the proposed fees, the goal of achieving the \$1.0 million in revenue enhancement prong to assist in balancing the budget for Fiscal Year 2010-11 is achievable.

SN/2/BUD

541-05-25-10A-E^

- Exhibits: 1. Department Fee Schedules
2. Recommended Recreation Fees, Cost Recovery Targets and Projected Additional Revenue

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FEE SCHEDULE--COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	§ 38.101	<u>Center for the Performing Arts</u> Nonprofit Rental Fees Percentage of Gross Ticket Sales (All Stages)	Dependent on the type of renter and the current percent- age paid by each renter.	Dependent on the type of renter and the current percent- age paid by each renter.	Percentage (5% to 20%)	7/1/10
		Performance Fee Base Rate (MainStage) Weekend (Ticketed Performance)	\$1,050.00	\$1,500.00	Event	7/1/10
		Weekend (Nonticketed Performance)	\$1,650.00	\$2,100.00	Event	7/1/10
		Weekday (Ticketed Performance)	\$750.00	\$1,200.00	Event	7/1/10
		Weekday (Nonticketed Performance)	\$1,350.00	\$1,800.00	Event	7/1/10
		Transaction (On-Line)	\$3.00	\$5.00	Order	7/1/10
		Ticket Purchase (On-Line) ⁽¹⁾	No Fee	\$0.50	Ticket	7/1/10
		Ticket Purchase (Box Office Phone)	\$2.00	\$2.50	Ticket	7/1/10
		Renter Sold Tickets	\$0.50	\$1.00	Ticket	7/1/10

FEE SCHEDULE—COMMUNITY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
		<u>Forestry:</u> Heritage Tree Application ⁽¹⁾	No Fee	\$116.00	Application	7/1/10
		Heritage Tree Appeal	\$15.00	\$50.00	Appeal	7/1/10

FEE SCHEDULE--PUBLIC WORKS DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
§ 66499.35		Certificate of Compliance	\$542.00	\$700.00	Fixed	8/8/10
	§ 27.17	Encroachment Permit: Debris Box Nonresidential Residential Temporary	\$89.00 \$1,525.00 \$834.00 \$658.00	\$114.00 \$1,955.00 \$1,069.00 \$840.00	Fixed Fixed Fixed Fixed	8/8/10 8/8/10 8/8/10 8/8/10
	§ 27.43	Excavation Permit (all types)	\$115.00 or 15% of construction cost	\$211.00 or 15% of construction cost	Hour (3 hour min.) or Percent	8/8/10
	§ 27.43	Hourly Labor Rate (Research, Plan Check, Inspection) ⁽²⁾	\$115.00	\$119.00	Hour (2 hour min.)	8/8/10
§ 66412		Lot Line Adjustment	\$1,759.00	\$2,259.00	Fixed	8/8/10
§ 66451.2	§ 28.27(b)	Map Check: Final Map	\$3,742.00 plus \$10.00	\$4,717.00 plus \$12.00	First 2 lots Each add'l. lot	8/8/10
	§ 28.19(b)	Parcel Map	\$2,245.00	\$2,795.00	Fixed	8/8/10

FEE SCHEDULE—PUBLIC WORKS DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
§ 8300 <i>et seq.</i>	§ 27.18	Right-of-Way Vacation	\$1,194.00	\$1,534.00	Fixed	8/8/10
§ 8740.1	§ 28.6.1	Segregation of Assessment Districts	\$1,746.00 plus \$155.00	\$2,241.00 plus \$211.00	First 2 lots Each add'l. lot	8/8/10
	§27.23	Sidewalk Permit: Residential	\$2.56 (\$128.00 min.)	\$3.36 (\$168.00 min.)	Linear Foot	8/8/10
		Nonresidential	\$226.00 +5.0% of Construction Cost	\$291.00 +5.0% of Construction Cost	Fixed + Percentage	8/8/10
	27.65(c)	Street Improvements Reimbursement: ⁽²⁾ Major Structural Street Section R1 and R2 Street Section R3 Structural Street Section Standard and Ornamental Street Lighting Standard PCC Curb and Gutter Standard PCC Driveway Approach Standard PCC Sidewalk Street Trees (15 gallon)	\$9.24 \$7.41 \$8.43 \$23.30 \$27.11 \$9.24 \$8.43 \$10.42	\$9.18 \$7.37 \$8.38 \$23.16 \$26.95 \$9.18 \$8.38 \$10.38	Square Foot Square Foot Square Foot Linear Foot Linear Foot Square Foot Square Foot Square Foot Linear Foot	8/8/10 8/8/10 8/8/10 8/8/10 8/8/10 8/8/10 8/8/10 8/8/10 8/8/10

FEE SCHEDULE—COMMUNITY DEVELOPMENT DEPARTMENT

State Code \$ (if any)	MVCC \$\$	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	\$36,100.050 (a)	Sidewalk Café Application	\$498.00	\$747.00	Fixed	7/1/10
	\$A36.80.030	Conditional Use Permits (CUP): Child-Care Center Family Child-Care Center New	\$135.00 \$71.00 \$1,929.00	\$1,827.00 \$200.00 \$3,858.00	Fixed Fixed Fixed	7/1/10 7/1/10 7/1/10
	\$A36.80.030	Design Review (DRC): <2,000 Square Feet >2,000 Square Feet Housing <2 Acres Child-Care Centers Major Floor Area Ratio (FAR) Exception in R1 Districts Structures on New Standard Subdivisions of \geq 5 Lots	\$667.00 \$1,736.00 \$75.00 \$2,772.00 \$2,981.00	\$1,158.00 \$2,315.00 \$1,736.00 \$5,544.00 \$5,926.00	Fixed Fixed Fixed Fixed Fixed	7/1/10 7/1/10 7/1/10 7/1/10 7/1/10
	\$28.10	Maps: Parcel Map— Housing <2 Acres	\$1,459.00	\$1,947.00	Fixed	7/1/10
	\$28.15	Tentative Map— Housing <2 Acres	\$2,174.00	\$2,889.00	Fixed	7/1/10

FEE SCHEDULE—COMMUNITY DEVELOPMENT DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	§A36.80.030	Planned Community Permit (PCP): New Construction (ZA Review) Housing <2 Acres New Construction (ZA, CC Review) Housing <2 Acres	\$2,684.00 \$5,314.00	\$3,578.00 \$7,085.00	Fixed Fixed	7/1/10 7/1/10
	§A36.80.030	Planned Unit Development (PUD): New Construction (ZA Review) Housing <2 Acres New Construction (ZA, CC Review) Housing <2 Acres	\$3,425.00 \$4,682.00	\$4,559.00 \$6,246.00	Fixed Fixed	7/1/10 7/1/10
	§A36.80	Signs: New Sign Program	\$245.00 \$245.00	\$368.00 \$579.00	Fixed Fixed	7/1/10 7/1/10
	§A36.80.030	Temporary Use Permit (TUP)	\$245.00	\$368.00	Fixed	7/1/10
	§A36.80.030	Transit-Oriented Development (TOD): New Construction (ZA, CC Review) Housing <2 Acres	\$5,736.00	\$7,647.00	Fixed	7/1/10

FEE SCHEDULE—COMMUNITY DEVELOPMENT DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	SA36.80.030	Variance: R1/R2	\$1,224.00	\$2,457.00	Fixed	7/1/10

FEE SCHEDULE—LIBRARY SERVICES DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
		Facility Rental: Community Room	\$25.00 \$50.00	\$50.00 \$100.00	<4 Hours >4 Hours	7/1/10 7/1/10
		Monarch Room/Swallowtail Room ^(c)	\$10.00 \$20.00	\$15.00 \$25.00	<4 Hours >4 Hours	7/1/10 7/1/10

FEE SCHEDULE—POLICE DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	40.5c 40.5c 40.17b 40.17b 40.17b 40.17b 40.17b	Alarms: Annual Permit—Residential Annual Permit—Commercial First Response Second Response Third Response Fourth Response Fifth Response and Over	\$16.50 \$63.00 No Charge \$82.00 \$110.00 \$220.00 \$330.00	\$20.00 \$80.00 No Charge \$100.00 \$150.00 \$250.00 \$500.00	Annual Annual Within the prior 12-month period Within the prior 12-month period Within the prior 12-month period Within the prior 12-month period	7/1/10 7/1/10 7/1/10 7/1/10 7/1/10 7/1/10 7/1/10
		Clearance Letter	\$12.00	\$40.00	Fixed	7/1/10
		Citation Sign-Off: MVPD/MV Resident Non-MVPD/MV Resident MVPD/MV Nonresident Non-MVPD/MV Nonresident	No Charge \$8.00 \$12.00 \$12.00	No Charge No Charge \$25.00 \$25.00	Fixed Fixed Fixed Fixed	7/1/10 7/1/10 7/1/10 7/1/10
CVC 22850.5		Vehicle Release: Stored/Impound	\$75.00	\$150.00	Fixed	7/1/10

⁽¹⁾ New fee.

⁽²⁾ Not presented at April 6 Study Session. This fee is recommended in accordance with annual practice of reviewing fees and modifying with CPI, COLA or ENR.

⁽³⁾ Recommended to include the Swallowtail Room in this rental price range.

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PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Implementation</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>2010-11 Projected Additional Revenue</u>	<u>Comparable Range (1)</u>
<u>Level 1 (0%-50% of Direct Costs)</u>							
1 Afterschool Programs (Elementary)	No Fee	No Fee		0%	0%	\$0	\$11.25-33.60/hour 6.00/day 20.00-400.00/month
2 Afterschool Programs (Teen)	No Fee	No Fee		0%	0%	0	10.00-33.60/hour 1.00/day Teen Center or drop in
Note: Third party contributes \$10,000 annually							
Aquatics:							
Aquatic Fitness/Aquacize							
3 Aquatic Fitness- Senior	1.00/class (55 min class)	2.00/class (R) 3.00/class (NR) 3.00/class (R) 4.00/class (NR) (55 min class)	(3) (3) (3)	October '10	45%	22% (A)(2)	390 3.00-6.00/class (45-60 min)
4 Aquacize - Senior	1.00/class (55 min class)	2.00/class (R) 3.00/class (NR) 3.00/class (R) 4.00/class (NR) (55 min class)	(3) (3) (3)	October '10 October '11		780	6.00/class (45-60 min)
Lap Swim:							
5 Lap Swim Pass (Sr Res)	15.00/25 swims (0.60/swim)	30.00/25 swims (1.20/swim) 45.00/25 swims (1.80/swim)	(3) (3) (3)	October '10 October '11	30%	53% (B)(2)	Included in Level 3 Lap Swim projection of \$47,902 1.50-3.50/swim
6 Lap Swim Pass (Sr NR)	26.25/25 swims 1.05/swim	38.00/25 swims (1.52/swim) 56.00/25 swims (2.24/swim)	(3) (3) (3)	October '10 October '11	38%	Included in Level 3 Lap Swim projection of \$47,902	3.60-5.00/swim +30.00/year (NR Sr)

(A) The projected cost recovery of 22% is for the entire Aquatic Fitness/Aquacize program. This includes senior classes categorized in Level 1 at 45% target recovery and regular classes categorized in Level 3 at 122% target recovery.

(B) The projected cost recovery of 53% is for the entire Lap Swim program. This includes senior passes categorized in Level 1 at 30% target recovery and regular passes categorized in Level 3 at 122% target recovery.

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>		<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Implementation</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>2010-11 Projected Additional Revenue</u>	<u>Comparable Range (1)</u>
Banners (NP/Schools):								
7	Application	23.25	52.00/application	July '10	30%	30%	345	35.00/application
8	Hanging	76.00	139.00/hanging	July '10	30%	30%	1,953	372.00-732.00 flat 25.00-134.00/week (+insurance) +25% NR
General Use Notification (4):								
9	Schools	No Fee	No Fee		0%	0%	0	
10	Private	No Fee	62.00/application	July '10	50%	50%	1,240	1.00-2.00/person/hr 55.00-100.00/event
Seniors:								
11	Senior Classes	No Fee	No Fee		0%	0%	0	No comparables
12	Senior Dances	4.00/5.00	4.00/5.00		25%	25%	0	No comparables
13	Senior Garden (Res only)	11.75/plot/year	42.00/plot/year	July '10	20%	59%	1,845	15.00-50.00/plot/yr or 0.15¢/sq ft
14	Willowgate Garden (Sr)	40.75/plot/year	42.00/plot/year	July '10	20%	59% (C)	1,764	No Senior rates
15	Senior Social Services	No Fee	No Fee		0%	0%	0	No comparables
Teens:								
16	The House (Teen Center)	No fee	No Fee		0%		0	5.00-10.00/year
17	Teen Dances	3.00 Member 5.00 Advance 8.00 @ Door	3.00 Member 5.00 Advance 8.00 @ Door		5%	2%	0	5.00
18	Teen Open Gym	No Fee	No Fee		0%	0%	0	No comparables
19	Volunteer Services	No Fee	No Fee		0%	0%	0	No comparables

(C) The projected cost recovery of 59% is for the entire Willowgate Garden program. This includes a senior rate categorized in Level 1 at a 20% target recovery and a non-senior rate categorized in Level 3 at 122% target recovery.

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

Activity/Service	Current Fee	Proposed Fee	Implementation	Targeted Recovery of Direct Costs	Projected Recovery of Direct Costs	2010-11 Projected Additional Revenue	Comparable Range (1)		
<u>Level 2 (50%-100% of Direct Costs)</u>									
Aquatics:									
20 Los Altos Mountain View Aquatic Club (4) (LAMVAC)	No Fee	22.00/hour ⁽³⁾ 44.00/hour ⁽³⁾	September '10 September '11	70%	35% ⁽²⁾	13,200	6,000-12,000 annual		
Recreation Swim:									
Recreation Swim Day Pass									
21 Child (R)	1.50	3.00	June '11	50%	40% ⁽²⁾	8,782	1.50-4.00		
22 Child (NR)	3.25	4.00	June '11				2.00-6.00		
23 Adult (R)	3.25	4.00	June '11				2.00-4.00		
24 Adult (NR)	4.25	5.00	June '11				2.00-6.00		
25 Family (R)	6.25	10.00	June '11				2.00 or		
26 Family (NR)	15.25	18.00	June '11	Individual Rate Individual Rate 2.00-5.00 or swimmer rate					
27 Spectator	1.50	3.00	June '11						
Recreation Swim Season Pass									
28 Child (R)	40.75 (0.58¢/day)	66.00 (.94¢/day)	June '11	30.00-175.00 (.44¢-1.47/day) or 2.00-6.00 day pass rate +30%-50% NR					
29 Adult (R)	52.25 (0.75¢/day)	88.00 (1.26/day)	June '11	30.00-196.00 (.44¢-2.80/day) or 2.00-6.00 day pass rate +30%-50% NR					
30 Family (R)	75.75 (1.08¢/day)	150.00 (2.14¢/day)	June '11	88.00-200.00 (1.26-2.94/day) or individual day pass rate +30%-50% NR					

Note: No non-resident recreation swim season passes available for CMV pools.

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Implementation</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>2010-11 Projected Additional Revenue</u>	<u>Comparable Range (1)</u>
31 Athletic Field Rental - YSO & NP	1.00/hour	2.00/hour	July '10	70%	70%	20,000	1.00-20.00/hour (R) 22.00-66.00/hour (NR)
Gym Rentals (MVSP and WSC):							
32 Youth-Half Court (Schools/NP)	20.00/hour	29.00/hour	August '10	70%	35%	3,816	No comparables
33 Plaza Use Application	76.00/ application	131.00/ application (R only)	July '10	75%	75%	165	
34 Special Event Application (K-14 events NP providing services to CMV Res)	76.00/ application	131.00/ application (R only)	July '10	75%	75%	605	100.00-250.00

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

Activity/Service	Current Fee	Proposed Fee	Implementation	Targeted Recovery of Direct Costs	Projected Recovery of Direct Costs	2010-11 Projected Additional Revenue	Comparable Range (1)
<u>Level 3 (80%-122% of Direct Costs)</u>							
Adult Sports:							
35 Basketball (plus (D) and (E))	57.75/game	65.00/game	September '11	100%	49% (2)	1,015	45.00-73.00/game +35.00/game (ref)
36 Flag Football (plus (D) and (E))	57.75/game	65.00/game	May '11			508	No programs offered
37 Coed Softball (plus (D), (E) and (F))	52.25/game	67.00/game	February '11			3,614	45.00-81.33/game
38 Mens Softball (plus (D), (E) and (F))	57.75/game	67.00/game	February '11			2,266	45.00-81.00/game
39 Volleyball (plus (D) and (E))	34.75/game	48.00/game	September '10			928	40.00-50.00/game
40 Non Resident Player	12.50/player	12.50/player	September '10			0	10.00/player/season or 0%-13%
41 (D) SANCRA Enrollment- all sports (4)	No Fee	.50¢/game/team	September '10			385	No comparables
42 (E) Quick Score - all sports (4)	No Fee	.60¢/game/team	September '10			462	No comparables
43 (F) ASA Enrollment (coed/mens softball only) (4)	No Fee	1.50/game/team	September '10			735	60.00/team
44 Forfeit	34.75/game	40.00/forfeit	September '10			0	20.00-60.00/game
Aquatics							
Aquacize/Water Aerobics:							
45 Aquatic Fitness- Adults	3.00/class (55 min class)	4.50/class (R) (3) 5.75/class (NR) 6.00/class (R) (3) 7.50/class (NR) (55 min class)	October '10 October '11	122%	22% (A)(2)	585	2.75-8.63/class (R) +14%-66%/class or +30.00 annual (NR)
46 Aquacize-Adults	3.25/class (55 min class)	4.50/class (R) (3) 5.75/class (NR) 6.00/class (R) (3) 7.50/class (NR) (55 min class)	October '10 October '11			975	6.00/class (R) +14%-66%/class or +30.00 annual (NR)

(A) The projected cost recovery of 22% is for the entire Aquatic Fitness/Aquacize program. This includes senior classes categorized in Level 1 at 45% target recovery and regular classes categorized in Level 3 at 122% target recovery.

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

Activity/Service	Current		Proposed Fee	Implementation	Targeted Recovery of Direct Costs	Projected Recovery of Direct Costs	2010-11 Projected Additional Revenue	Comparable Range (1)
	Fee	Fee						
Group Swim Lessons:								
47 Youth & Adult (R)	4.00/30 minutes	7.00/30 minutes		May '11	122%	122%	52,376	5.30-9.22/30 min (Y) 5.30-12.50/30 min (A)
48 Youth & Adult (NR)	5.39/30 minutes	8.75/30 minutes		May '11				6.80-9.88/30 min (Y) 6.80-12.50/30 min (A)
Lap Swim								
49 Day Pass (R)	3.00	5.00		October '10	122%	53% (B)(2)	47,902	2.50-5.50
50 Day Pass (NR)	4.00	6.00		October '10				2.50-5.00 +30.00 annual
51 Pass (R)	52.50/25 swims (2.10/swim)	87.50/25 swims (3.50/swim)		October '10				2.50-3.50/swim
52 Pass (NR)	63.75/25 swims (2.55/swim)	109.00/25 swims (4.36/swim)		October '10				2.50-5.00/swim +30.00 annual
(B) The projected cost recovery of 53% is for the entire Lap Swim program. This includes senior passes categorized in Level 1 at 30% target recovery and regular passes categorized in Level 3 at 122% target recovery.								
53 Masters Swimming (R)	17.50/month	17.50/month		N/A	122%	58% (2)	0	10,000-24,000
54 Masters Swimming (NR)	29.00/month	29.00/month		N/A			0	annual
55 Pool Rental	57.75/hour + lifeguards	125.00/hour (R) 156.00/hour (NR)		July '10	122%	41% (2)	673	20.00-180.00/hour +20%-100% NR
56 Lifeguards	17.50/hour	20.00/hour (R) 25.00/hour (NR)		July '10	122%	122%	50	15.00-17.00/hour
57 Red Cross Training for Lifeguards (R) (Participants hired by CMV as a Lifeguard are reimbursed the cost of the class after 60 days of work.)	184.00/36 hours (5.11/hour)	229.00/36 hours (6.36/hour)		September '10	100%	85% (2)	1,350	175.00-256.00/ 36 hours (4.86-7.11/hour)
58 Red Cross Training for Lifeguards (NR) (Participants hired by CMV as a Lifeguard are reimbursed the cost of the class after 60 days of work.)	196.00/36 hours (5.44/hour)	286.00/36 hours (7.95/hour)		September '10			900	180.00-286.00/ 36 hours (5.00-7.95/hour)

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Implementation</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>2010-11 Projected Additional Revenue</u>	<u>Comparable Range (1)</u>
Athletic Field Rental (Non YSO):							
59 Synthetic Field	57.75/hour (Graham)	70.00/hour (R) 88.00/hour (NR)	July '10	100%		(G)	10.00-60.00/hour (Res NP) 10.00-90.00/hour (R) 28.00-130.00/hour (NR)
60 Field - lights	57.75/hour (McKelvey, Crittenden)	70.00/hour (R) 88.00/hour (NR)	July '10				10.00-95.00 (Res NP) 10.00-95.00/hour (R) 28.00-170.00/hour (NR)
61 Field - no lights	29.00/hour (McKelvey, Crittenden)	35.00/hour (R) 44.00/hour (NR)	July '10				7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR)
62 Other Fields	37.00/day	25.00/hour (R) 31.00/hour (NR)	July '10				7.50-75.00/hour (Res NP) 7.50-75.00/hour (R) 10.00-150.00/hour (NR)
63 Application (4)	No Fee	25.00 (R)	July '10			1,250	No comparables
64 Community Garden (Residents only)	40.75/plot/year (Willowgate)	88.00/plot/year (3) 135.00/plot/year (3)	November '10 November '11	122%	59% (C)	278	\$10-\$50/year or .15¢/sq ft (R) \$45 (NR)

(C) The projected cost recovery of 59% is for the entire Willowgate Garden program. This includes a senior rate categorized in Level 1 at a 20% target recovery and a non-senior rate categorized in Level 3 at 122% target recovery.

(G) Amount of projected cost recovery and projected revenue for athletic field rental is unknown as the City has not had available field space to rent.

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

Activity/Service		Current Fee	Proposed Fee	Implementation	Targeted Recovery of Direct Costs	Projected Recovery of Direct Costs	2010-11 Projected Additional Revenue	Comparable Range (1)
Deer Hollow Farm: Summer Camps								
65	Resident	122.00/week (3.22/hour)	289.00/week (7.65/hour)	June '11	122%	122%	53,440	Day Camp (1 night): 405.00-430.00/week (11.33-12.02/hour)
66	SCC and MROSD Resident	156.00/week (4.13/hour)	332.00/week (8.78/hour)	June '11			6,336	Overnight Camp: (4 nights) 550.00/week (10.83/hour)
67	SCC or MROSD Resident	192.00/week (5.08/hour)	347.00/week (9.18/hour)	June '11			5,580	
68	All Others	227.00/week (6.01/hour)	361.00/week (9.55/hour)	June '11			1,072	(11 nights) 1,005.00/week (3.80/hour)
69	Elementary Camps (5)	2.50/hour	5.87/hour (R) 7.34/hour (NR)	June '11	100%	80%	61,048	2.65-12.75/hour +3%-30% NR
Facility Rental:								
70	BBQ-Family (R only)	5.00/table	15.00/table (R only)	June '11	122%	21% (2)	2,135	10.00-15.00 +50%-66% NR +10.00 application
71	BBQ Groups (R only)	51.00/section	103.00/section (R only)	June '11	122%	107%	28,158	30.00-197.00/day +25.00 electricity +25%-77% NR
Gym Rentals (MVSP and WSC):								
72	Auxiliary Room	52.25-57.75/hour	78.00/hour (R) (3) 96.00/hour (NR) 101.00/hour (R) (3) 126.00/hour (NR)	August '10 August '11	122%	95%	10,778	25.00-75.00/hr NP 40.00-300.00/hour
73	Full Court - (Res (6) /NP)	69.75/hour	90.00/hour (3) 111.00/hour (3)	August '10 August '11			14,583	25.00-75.00/hr NP 40.00-134.00/hr R

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

Activity/Service	Current Fee	Proposed Fee	Implementation	Targeted Recovery of Direct Costs	Projected Recovery of Direct Costs	2010-11 Projected Additional Revenue	Comparable Range (1)
74 Full Court - (NR)	82.00/hour	113.00/hour ⁽³⁾ 139.00/hour ⁽³⁾	August '10 August '11			(included in \$14,583 referenced for prior fee)	17.00-300.00/hour
75 Half Court - (Res (6) /NP)	34.75/hour	43.00/hour ⁽³⁾ 50.00/hour ⁽³⁾	August '10 August '11			25,335	10.00-56.00/hr (NP) 48.00-150.00/hour (Res, NR) 67.00/hour (A Res) 48.00-150.00/hour (NR)
76 YMCA - Half Court (Adult) Recommend eliminating this fee and charging these groups at the Non Profit hourly rate.	29.00/hour	Eliminate (use 111.00 NP rate)	August '10				No comparables
Open Gym:							
77 10 Visits	12.25/Pass	15.00 (R only)	August '10				No comparables
78 20 Visits	24.75/Pass	30.00 (R only)	August '10				No comparables
79 Drop In	2.25/Day	3.00 (R only)	August '10				No comparables
80 Application (4)	No Fee	25.00 (R only)	August '10	100%		5,625	15.00/hour
81 Cancellation (4):	No Fee	50.00 (R only)	August '10	100%		0	Minimum Hours of Rental Period or \$250 Security
82 Holiday Classes	5.00/hour	10.00/hour (R) ⁽³⁾ 12.50/hour (NR) 15.00/hour (R) ⁽³⁾ 18.75/hour (NR)	November '10 November '11	100%	49%	634	No comparables
83 Off Leash Dog Permit (4)	No Fee	10.00/year (R) 13.00/year (NR)	September '10	100%		518	No comparables

PROPOSED RECREATION FEES, COST RECOVERY TARGETS AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Implementation</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>2010-11 Projected Additional Revenue</u>	<u>Comparable Range (1)</u>
84 Preschool Camps & Classes	7.00/hour	7.50/hour (R) 9.38/hour (NR)	January '11	100%	94%	13,825	7.52-11.00/hour Res 8.82-12.10/hour NR
85 Teen Camps (5)	2.50/hour	8.00/hour (R) 10.00/hour (NR)	January '11	80%	52%	15,688	4.32-24.33/hour +8%-20% NR
Projected Revenue Summary:							
Level 1						\$ 8,300	
Level 2						46,600	
Level 3						<u>361,000</u>	
Projected Additional FY2010-11 Revenue						415,900	
Budget Contingency Phasing Backfill						<u>138,400</u>	
Total Projected Additional FY2010-11 Revenue						\$ 554,300	

- (1) Summary range of comparables of the surveyed cities which assess a fee.
(2) As referenced in the Recreation Cost Recovery report and recommended policy some fees are not set to recover the target cost recovery rate due to market rate constraints.
(3) Fee recommended to be phased.
(4) New Fee.
(5) Includes field trip admission fees.
(6) Includes Resident Individual and Resident Business.

STATUS OF EMPLOYEE COMPENSATION COST CONTAINMENT

Reducing the growth in the cost of employee compensation costs was identified early in the budget development process as an important strategy to reach the goal of a structurally balanced budget while reasonably balancing impacts on residents, customers and employees. The goal of a minimum of \$1.0M was established for this portion of the budget balancing strategy. This goal is substantially less than the actual estimated growth in employee compensation costs, currently estimated (without the changes noted below) to total \$2.8M.

As of this time, employee groups/organizations have offered/agreed to compensation cost containment totaling \$537,000. Based on confirmed agreements as of the writing of this report, an additional five (5) city staff positions will need to be eliminated to make up for not achieving the \$1.0M goal.

The following summarizes the current status of agreements for cost containment by group/organization. The status of both the current Fiscal Year (2009-10) as well as the upcoming Fiscal Year (2010-11) is noted.

As of Thursday, June 3:

City Council Appointees:

FY 2009-10: Declined both Cost of Living and Merit Increases.

FY 2010-11: Declined both Cost of Living and Merit Increases.

Department Heads:

FY 2009-10: Declined both Cost of Living and Merit Increases.

FY 2010-11: Declined both Cost of Living and Merit Increases.

Confidential/IT Employees:

FY 2009-10: Split a Cost of Living Adjustment Over Two Years (received 2%); eligible employees received Merit Increases.

FY 2010-11: To receive the 2nd half of their split Cost of Living Adjustment (to receive 1.2%) and have agreed to no Merit Increases.

Hourly:

FY 2009-10: Same as Confidential/IT.

FY 2010-11: Same as Confidential/IT.

EAGLES:

FY 2009-10: Received a full 3.2% Cost of Living Adjustment, but agreed to extend contract for an additional year without a COLA (FY 2010-11); eligible employees received Merit Increases.

FY 2010-11: No Cost of Living Adjustment and have agreed to no monetary Merit Increases. In exchange and in-lieu of a revenue sharing trigger, the EAGLES have requested the three paid days off during the holidays.

SEIU:

FY 2009-10: Split a Cost of Living Adjustment Over Two Years (received 2%); eligible employees received Step or Merit Increases.

FY 2010-11: To receive the 2nd half of their split Cost of Living Adjustment (to receive 1.2%) and will take two unpaid days off during holidays; eligible employees will receive Step Increases. City is proposing no monetary Merit Increases

MVFF #1965:

FY 2009-10: Received 4.5% Cost of Living Adjustment and eligible employees received Step Increases.

MVFF #1965 has made a proposal impacting Fiscal Years 2010-11 and 2011-12. The proposal is still under review and in discussion. It is anticipated that these discussions will be completed prior to the June 15 Budget Hearing. An update will be provided at that time.

Fire Managers:

FY 2009-10: Received 4.7% Cost of Living Adjustment and eligible employees received Merit Increases.

FY 2010-11: City will not grant COLA or monetary Merit Increases.

POA/NPOA:

FY 2009-10: Received 3.2% Cost of Living Adjustment and eligible employees received Step/Merit Increases; POA received an additional 1% Equity Increase.

FY 2010-11: Have agreed to no Cost of Living Adjustment; City is proposing no monetary Merit Increases; City has requested to waive Step Increases or some other equivalent benefit.

Police Managers:

FY 2009-10: Two-year Cost of Living and PERS Cost Share arrangement – Took full Cost of Living Adjustment (received 4.7%) in first year, and PERS Cost Shared 2.7% back; eligible employees received Merit Increases.

FY 2010-11: Second year of two-year arrangement – No Cost of Living Adjustment, continue 2.7% PERS Cost Share (last year); Agreed to no monetary Merit Increases.

Additional Arrangements with Groups:

Up to 3 days granted for merit in lieu of salary compensation.

The following groups: Department Heads, Confidential/IT, SEIU, and Police Managers receive the following:

Extra Paid Days Off –Three paid days off between Christmas and New Years.

Revenue Trigger –Revenue trigger of 1% and 3% of salary as a one time lump sum payment if actual revenues exceed adopted budget revenues (excluding transfers) by more than \$1.0 million and \$3.5 million, respectively.

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FY 2010-11 PROPOSED GENERAL OPERATING FUND BUDGET REDUCTIONS

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3	Tier 4
CITY COUNCIL					
Reduce travel budget		(1,875)			
Reduce Team Bldg/Goal Setting Facilitator (1/2)		(2,500)			
CITY COUNCIL TOTAL	0	(4,375)	0	0	0
CITY CLERK					
Unfund 0.50 Office Assistant III (from FT)				(45,000)	
City-wide Records Mgt Program	(7,000)				
CITY CLERK TOTAL	(7,000)	0	0	(45,000)	0
CITY ATTORNEY					
Unfund 1.0 Code Enforcement Officer (filled)				(125,000)	
CITY ATTORNEY TOTAL	0	0	0	(125,000)	0
CITY MANAGER					
Eliminate hourly wages for the multi-lingual outreach program.				(12,800)	
Consolidate ESD w/ ACM (vacant)		(140,000)			
Increase Asst To The CM position to FT (+0.25)		41,000			
Add 1,000 hours for Student Intern		24,000			
CITY MANAGER TOTAL	0	(75,000)	0	(12,800)	0
EMPLOYEE SERVICES					
Unfund 0.5 FTE Personnel Analyst II (from FT) (filled)			(62,000)		
Consolidate ESD w/ ACM (vacant)		(87,000)			
Reclass a Sr Pers Analyst to Employee Svcs Mgr		12,000			
EMPLOYEE SERVICES TOTAL	0	(75,000)	(62,000)	0	0
FINANCE & ADMIN SERVICES					
Purchasing renegotiated POs (est)	(85,000)				
Phone consultant contract		(64,800)			
City Auditor Budget		(15,000)			
Allocate 0.5 of Rev Mgr to Utilities	(68,000)				
Unfund 1.0 Revenue Account Tech position (filled)				(39,600)	
Unfund 0.5 FTE Copy Center Asst (filled)			(28,000)		
Unfund 0.5 FTE Document Proc Tech (from FT) (vacant)		(49,100)			
FINANCE & ADMIN SVCS TOTAL	(153,000)	(128,900)	(28,000)	(39,600)	0
COMMUNITY DEVELOPMENT					
Allocate 25% of Admin Aide to Building Fund	(24,500)				
Reduce private development planning contract services		(100,000)			
Unfund 1.0 Planning Manager position (vacant)			(177,500)		
COMMUNITY DEVELOPMENT TOTAL	(24,500)	(100,000)	(177,500)	0	0

FY 2010-11 PROPOSED GENERAL OPERATING FUND BUDGET REDUCTIONS

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3	Tier 4
PUBLIC WORKS					
Reorganize the Admin Support and Transportation Section					
Unfund 1.0 Sr Admin Analyst pos (retirement)		(134,900)			
Unfund 1.0 Transp & Policy Mgr pos (retirement)					(95,500)
Reclass Exec Asst to Admin Analyst I/II		19,500			
Reclass Office Assistant III to Secretary		8,800			
Reclass Project Mgr to Transportation Planner		12,900			
Unfund 1.0 Streets Maintenance Worker I/II position in Streets Section (vacant)		(33,100)			
Reduce Land Development Outside Services		(50,000)			
Reduce Traffic Engineering Support			(20,000)		
Unfund 1.0 HVAC Technician position (vacant)		(118,400)			
Unfund 1.0 Customer Services Technician position (filled)				(54,700)	
Reduce Facilities Section services budget		(50,000)			
Reduce Fleet fuel budget	(25,000)				
PUBLIC WORKS TOTAL	(25,000)	(345,200)	(20,000)	(54,700)	(95,500)
COMMUNITY SERVICES					
PERFORMING ARTS					
Reduce Preview Distribution by 20%			(7,000)		
Unfund 1.0 Performing Arts Assistant (filled)				(92,800)	
CSD - PERFORMING ARTS TOTAL	0	0	(7,000)	(92,800)	0
SHORELINE DIVISION (GF)					
Reduce Ranger services contract			(15,200)		
CSD - SHORELINE (GF) TOTAL	0	0	(15,200)	0	0
PARKS & FORESTRY/ROADWAYS					
Unfund 1.0 Parks Maint. Worker III position (vacant)			(105,200)		
Unfund 1.0 Parks Maint. Worker II position (filled)				(97,400)	
Miscellaneous Parks and Forestry/Rdwy Landscape reductions			(18,300)	(7,000)	
Reduce High pressure washing Castro Street			(14,600)		
Reallocate 4% of Parks Manager to Shoreline	(6,700)				
Reallocate 7% of Secretary to Shoreline	(6,900)				
Reallocate 50% of Tree Trimmer II to Shoreline	(50,600)				
Reallocate 10% of Tree Supervisor/Arborist to Shoreline	(14,000)				
Unfund up to 3.0 Tree Trimmers, (2 vacant)			(101,500)		(203,000)
CSD - PARKS & FORESTRY/RDWAY TOTAL	(78,200)	0	(239,600)	(104,400)	(203,000)
RECREATION					
Unfund 1.0 Secretary position (vacant)		(99,000)			
Unfund 0.25 Rec Coord Deer Hollow Farm (filled)					(25,000)
CSD - RECREATION TOTAL	0	(99,000)	0	0	(25,000)
COMMUNITY SERVICES GF TOTAL	(78,200)	(99,000)	(261,800)	(197,200)	(228,000)

FY 2010-11 PROPOSED GENERAL OPERATING FUND BUDGET REDUCTIONS

DEPARTMENT PROGRAMS	Operational Efficiencies	Tier 1	Tier 2	Tier 3	Tier 4
LIBRARY					
Unfund 0.75 Library Asst II position (Vacant)		(68,000)			
Unfund 1.0 Supervising Librarian or Library Manager position (Filled-retirement)			(122,000)		(122,000)
Unfund 1.0 Supervising Librarian (Filled)				(50,000)	(150,000)
Reduce library materials/collections budget					
Reduce library hours 6-8 hours per week					
LIBRARY TOTAL	0	(68,000)	(122,000)	(50,000)	(272,000)
FIRE					
Unfund 1.0 Public Education Specialist (filled)				(121,800)	
Eliminate 0.5 Emergency Medical Service Coordinator (vacant)	(69,700)				
Eliminate Executive Assistant position (Vacant)		(52,500)			
FIRE TOTAL	(69,700)	(52,500)	0	(121,800)	0
POLICE					
Eliminate Police Agent classification (Reclass 3 to Sgt, eliminate 3) (1 Agent & 3 officers vacant)	(512,000)				
Eliminate Executive Assistant position (Vacant)		(52,500)			
Unfund 3 PPT Police Asst positions (1.5 FTE) (filled)		(142,100)			
Unfund 1.0 CSO in CAI Unit (Vacant)			(112,800)		
Unfund 1.0 CSO in SOD (filled)				(112,800)	
Unfund 2.0 Police Records Specialists (filled)			(111,000)	(111,000)	
Unfund 1.0 CSO in Traffic Unit-AVASA (filled)				(112,800)	
Reduce MVPAL hourly Police Assistant		(12,500)			
Unfund 5.0 CSOs in patrol (filled)					(564,100)
Unfund 1.0 Lead Police Records Specialist (filled)					(121,600)
POLICE TOTAL	(512,000)	(207,100)	(223,800)	(336,600)	(685,700)
GENERAL OP FUND DEPT REDUCTION	(869,400)	(1,150,700)	(895,100)	(982,700)	(1,281,200)
GLOBAL REDUCTIONS					
Whole Sale Water Rate				(225,000)	
Reduce Nonprofit funding					(27,000)
PERS Prepayment	(170,000)				
PARS for hourly		(100,000)			
Reduce Equipment Replacement Funding			(100,000)	(100,000)	(100,000)
Total	(170,000)	(100,000)	(100,000)	(325,000)	(127,000)
GENERAL OPERATING FUND GRAND TOTAL	(1,039,400)	(1,250,700)	(995,100)	(1,307,700)	(1,408,200)
Items added/moved from Tiers 2 and 3					
Reduce PG&E Budget	(50,000)				
Reduce Equipment Replacement Funding	(200,000)				
Parks Maintenance Worker III		(105,200)			
Tree Trimmer I/II		(101,500)			
Supervising Librarian		(122,000)			
Community Services Officer		(112,800)			
Police Records Specialist		(111,000)			
UPDATED GRAND TOTAL	(1,289,400)	(1,803,200)			

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**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11
OPERATIONAL EFFICIENCIES**

CITY CLERK

- Reduce Records Management Program: \$7,000

The City Clerk's Office manages the City's records retention and storage. The City stores records at an off-site location with a third party vendor. Staff is evaluating the movement of off-site records storage to the City's warehouse at the MOC. The total annual budget is \$12,000. However, staff is phasing the transfer of records to the warehouse over the next fiscal year.

TOTAL: \$7,000

FINANCE AND ADMINISTRATIVE SERVICES

- Renegotiated Purchasing Contracts: \$85,000

The Purchasing staff has worked very diligently over the past year and a half to renegotiate and waive cost-of-living increases in services purchased by many City departments. Savings have been successfully negotiated in the City's janitorial, traffic signal maintenance, landscape maintenance, information technology maintenance, pest control, ranger services, downtown cleaning, laundry services, school crossing guards and more.

- Allocate 0.5 of Revenue Manager Position to Utilities: \$68,000

In Fiscal Year 2003-04, the Revenue Manager position was eliminated due to budget reductions taken in the last recession. In Fiscal Year 2008-09, The Revenue Manager position was added back through the elimination of other positions in the Finance and Administrative Services Department and is currently funded 100.0 percent by the General Operating Fund. As this position spends approximately 50.0 percent of its time managing the utility billing function, it is appropriate to charge 50.0 percent of the position to the Utility Funds.

TOTAL: \$153,000

COMMUNITY DEVELOPMENT

- Transfer Administrative Support to the Building Division: \$24,500

This is an internal realignment of staffing to provide more support to Building Division administrative functions, freeing up other Building Division personnel to focus on service delivery and cross-training.

TOTAL: \$24,500

PUBLIC WORKS

- Reduce Fleet Fuel Budget: \$25,000

Reduces budget for fuel purchases. Total budget reduction will be \$36,000, however the \$25,000 represents the approximately 70.0 percent General Operating Fund share of Fleet-related expenses. Fuel expenditures have been trending lower than budget.

TOTAL: \$25,000

COMMUNITY SERVICES

- Reallocate Positions in the Parks Division: \$78,200

The reallocation of positions from the General Operating Fund to the Shoreline Community is to more accurately charge employees' time.

TOTAL: \$78,200

FIRE

- Reduce Emergency Medical Service Coordinator position: \$69,700

- Reduces 0.5 Emergency Medical Services Coordinator position (vacant)

The position has been vacant since last fiscal year and the Fire Department has determined that the work can be accomplished by a part-time employee or via contract. A recruitment process is underway and unfunding 0.5 of the position fully implements the change.

TOTAL: \$69,700

POLICE

- Internal Police Department Reorganization: \$512,000
 - Eliminates 3.0 positions (vacant)

The Police Department has restructured their Patrol Team staff distribution to more effectively deploy Officers, better matching staffing levels with demand for service. This restructuring includes deploying eight smaller Patrol Teams in place of six larger teams. The patrol structure allows a smaller span of control for Police Sergeants and provides for the elimination of the Police Agent rank in patrol staffing. Of the existing six Agent positions, three are eliminated and three are upgraded to Sergeant positions to supervise the two additional teams and provide leave-staffing coverage.

TOTAL: \$512,000

NON-DEPARTMENTAL

- PERS Prepayment: \$170,000

The Public Employees Retirement System (PERS) payment is generally due after each payroll. As an option, PERS allows agencies to fund their annual actuarially determined contribution at the beginning of the fiscal year. If an agency prefunds its annual contribution at the beginning of the fiscal year in-lieu of payments throughout the fiscal year, the agency receives credit for these contributions and earns the PERS actuarial rate of return of 7.75 percent for the fiscal year. The estimated savings are netted against the interest earnings the City would have potentially earned if the funds were paid throughout the fiscal year. The savings will vary depending on the City's investment rate of return. This option was not implemented earlier due to the losses being experienced in the PERS portfolio.

TOTAL: \$170,000

TOTAL OF OPERATIONAL EFFICIENCIES: \$1,039,400

TOTAL POSITIONS: 3.5 (all vacant) \$581,700

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**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11
TIER 1**

CITY MANAGER/EMPLOYEE SERVICES

- Restructuring of the City Manager's Office/ Employee Services Department: \$150,000
 - Eliminates Employee Services Director position (vacant), consolidates the Employee Services Director position with the Assistant City Manager position
 - Increases the Assistant to the City Manager position to full-time (from 0.75 FTE)
 - Reclassifies a Senior Personnel Analyst position to Employee Services Manager
 - Adds Student Intern hours

Restructuring the City Manager's Office and Employee Services Department will take advantage of efficiencies that will result in reduced staffing at the professional/ managerial level as a result of retirement(s). The impact of the restructuring will result in reassigning some functions and tasks elsewhere in the organization and reprioritizing current workload that will likely result in changes in timing and scheduling of certain work products and activities.

TOTAL: \$150,000

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Contractual Services Funding: \$79,800
 - Reduces phone consultant contract \$64,800
 - Eliminates City Auditor budget \$15,000

The City previously used a phone consultant to manage the City's phone lines and bills. This proposal transfers responsibility and management of the telephone system to the Information Technology Division. This may result in longer response times for traditional Information Technology service requests from City departments. Also included in these reductions is funding for the City Auditor to use for outside consultants in completing tasks assigned by the City Council. This service reduction will require the appropriation of additional funds as they are needed.

- Reduce Internal Support Services: \$49,100

- Unfunds 0.5 Document Processing Technician position (vacant)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers.

Although work will be reallocated to other staff to the extent feasible, there will likely be service-level declines in a variety of support functions. There will likely be delays in completing job requests in the Document Processing Center and less flexibility and coverage during absences of vacation or illness.

TOTAL: \$128,900

COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$100,000

Reduces resources to support processing and analysis of development proposals, including specialized consulting services such as Development Review Committee architects, traffic consultants and Geographic Information Systems expertise.

The Community Development Department may be able to compensate for these reductions; however, additional resources will likely be required if land development activity increases.

TOTAL: \$100,000

PUBLIC WORKS

- Reorganize the Public Works Department Administrative Support and Transportation Sections: \$93,700

- Unfund 1.0 Senior Administrative Analyst position (filled - potential retirement)
- Reclassify Executive Assistant position to Administrative Analyst I/II
- Reclassify one Office Assistant III position to Secretary
- Reclassify one Project Manager position to Transportation Planner

Reduces overall administrative, analytical, capital and operating budget support in the Public Works Department. Engineering and project management staff will be required to assume additional duties pertaining to contract execution and oversight and planning, noticing and mailing for public meetings.

- Reduce Street Maintenance Operations: \$33,100

- Unfund 1.0 Street Maintenance Worker I/II position (vacant - 0.34 in the GOF)

Reduces resources for preventive street maintenance resulting in a 15.0 percent to 20.0 percent reduction in pavement repairs. Other Streets Section activities (crack sealing, sidewalk repair, streetlight repair, sign replacement, street sweeping, etc.) would not be affected.

- Reduce Land Development Support in the Land Development Section: \$50,000

Reduces resources to respond to assignments not required by State law to be processed within specified time frames (e.g., excavation permits for residential and commercial developments that do not involve subdivision of land, excavation permits for utility companies, lot line adjustments, residential and commercial building permit reviews, requests received at the front counter, etc.). May also impact the section's ability to support the General Plan update and Environmental Impact Reports.

- Reduce Facilities Maintenance Services: \$168,400

- Unfunds 1.0 HVAC Technician position (vacant)
 - Reduces Facilities Maintenance outside services/contracts \$50,000

Reduces overall capacity to respond to and complete repair and maintenance-related work orders and requests at City facilities.

Reduces resources to perform both general preventive and skilled maintenance and repairs on heating, ventilating, air conditioning, and refrigeration control systems at City facilities. Some of the general HVAC maintenance functions could be shifted to other Facilities Maintenance Workers, further increasing their workloads, delaying other requested/required maintenance and repair functions, and potentially lengthening preventative maintenance cycles. For more complex and/or urgent HVAC maintenance and repairs, contract services may be required.

TOTAL: \$345,200

COMMUNITY SERVICES

- Reduce Administrative Support: \$99,000
 - Unfunds 1.0 Secretary position (vacant)

Administrative support functions would be assigned to other staff to the extent feasible.

TOTAL: \$99,000

LIBRARY

- Reduce Public Services and Programs: \$68,000
 - Unfunds 0.75 Library Assistant I/II position (vacant)

Library customers will experience longer wait times for services as fewer staff resources will be available.

TOTAL: \$68,000

FIRE

- Reduce Executive Assistant Position: \$52,500
 - Reduces 0.5 Executive Assistant position (vacant)

A consolidation of Fire and Police administrative support functions is underway including the sharing of an Executive Assistant by the Fire Chief and Police Chief. This budget modification adjusts funding to reflect the new organizational structure.

TOTAL: \$52,500

POLICE

- Reduce Executive Assistant Position: \$52,500
 - Reduces 0.5 Executive Assistant position (vacant)

A consolidation of Fire and Police administrative support functions is underway including the sharing of an Executive Assistant by the Fire Chief and Police Chief. This budget modification adjusts funding to reflect the new organizational structure.

- Reduce Police Assistant Staffing: \$142,100
 - Unfunds 1.5 (three 0.5 FTE) Police Assistant positions (filled)

Service level impacts include less availability to perform tow impound hearings to evaluate if a vehicle may be released to people who have had their vehicle impounded.

Data collection and administrative support for the Traffic Sergeant will be eliminated, requiring the Sergeant to absorb the workload, reducing time available for traffic enforcement.

In Crime Analysis, there would be less frequent distribution of crime bulletins to assist in finding suspects, vehicles, etc. The reduced capacity to enter police reports into the computer system means some information may not be available for other criminal investigations.

In Investigative Services, the resources to locate missing persons and make contact with their families will be reduced, as will capacity to provide administrative support to the monitoring of registered sex offenders. This work will transfer to Detectives to prioritize with their existing caseload, which will impact customer service.

- Reduce Police Athletic League (PAL) Support: \$12,500
 - Reduces hourly wages

The City recently received a Federal Police Athletic League Recovery Act Grant that will offset the \$25,000 of hourly PAL Police Assistant support. The \$5,000 grant will fund an hourly Police Assistant to implement a youth mentoring program. Having an additional person in PAL, the economy of scale will allow the City to reduce the General Operating Fund support for MVPAL by 50.0 percent

(\$12,500) and still preserve existing programs and services as well as add the mentoring program services.

TOTAL: \$207,100

NON-DEPARTMENTAL

- Alternative Retirement System for Hourly Employees: \$100,000

Would enroll hourly employees in an alternative retirement system deferred compensation 457 plan instead of Social Security. The employee's contributions would be portable and they are immediately vested.

TOTAL: \$100,000

TOTAL OF TIER 1: \$1,250,700

TOTAL POSITIONS: Net 8.5 (6.0 vacant, 2.5 filled) \$899,600

**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11
TIER 2**

EMPLOYEE SERVICES

- Reduce Capacity in Recruitment and Training Support: \$62,000
 - Unfunds 0.5 Personnel Analyst I/II position (filled)

The Employee Services Department would have less capacity to support hiring and promotional activities and may reduce the frequency of certain training and employee development activities.

TOTAL: \$62,000

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Internal Support Services: \$28,000
 - Unfunds 0.5 Copy Center Assistant position (filled)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to internal customers. There will likely be delays in completing job requests in the Copy Center. Some copying jobs could be required to be outsourced, and there will be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$28,000

COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$177,500
 - Unfunds 1.0 Planning Manager position (vacant)

Reduces day-to-day management and strategic oversight of planning services, potentially prolonging implementation of the General Plan. The Community Development Department may be able to compensate; however, additional resources will likely be required if land development activity increases and when the General Plan shifts to an implementation phase.

TOTAL: \$177,500

PUBLIC WORKS

- Reduce Traffic Engineering Support in the Traffic Engineering Section: \$20,000

Limits the number of Neighborhood Traffic Management Program (NTMP) projects to four projects per year (currently unlimited) and sets four as the minimum number of years required to revisit proposed NTMP projects that failed to meet the minimum screening criteria (currently one year). Also reduces resources to respond to residents' traffic-related inquiries and section review of improvement plans related to residential and commercial developments that are not required by State law to be processed within specified time frames.

TOTAL: \$20,000

COMMUNITY SERVICES

- Reduce Center for the Performing Arts Frequency (Distribution) of *Preview* Magazine Mailings: \$7,000

On-line marketing efforts would be increased and the number of *Preview* magazines printed and mailed would be reduced.

- Reduce Ranger Contract Services: \$15,200

Reducing ranger hours will reduce the ranger presence in Cuesta and Rengstorff Parks to patrol and enforce park rules. This may require additional support from the Police Department to handle incidents outside ranger patrol hours. With these reductions, ranger hours will return to pre-2007-08 levels.

- Eliminate Dedicated Weed Abatement Program: \$105,200

- Unfunds 1.0 Parks Maintenance Worker III position (vacant)

Decentralizing weed abatement and adding it to the workload of other employees will result in more weeds in City parks and medians as the maintenance priority is park safety and cleanliness. Park and roadside aesthetics will be affected and there will be additional burden on supervisors to train and monitor staff in the safe application of pesticides.

- Reduce Overtime, Supplies: \$18,300

Reductions in staff overtime and other accounts will result in it being more difficult to manage fluctuations in workload, special requests, storms and emergencies.

- Reduce Steam Cleaning/ High Pressure Washing on Castro Street: \$14,600

The frequency of Castro Street high-pressure steam cleaning would be reduced from 16 to 9 times a year. Decreased cleaning will affect the cleanliness and aesthetics of the downtown.

- Unfund 1.0 Tree Trimmer position: \$101,500

- Unfunds 1.0 Tree Trimmer I/II position (vacant)

Results in fewer trees being trimmed, a reduction in service levels including tree watering, removing/replacing dead trees, responding to fluctuations in workload and emergency response. The time to complete customer service requests to prune or remove trees would increase from ninety (90) days to one-hundred fifty (150) days.

TOTAL: \$261,800

LIBRARY

- Unfund 1.0 Supervising Librarian or Library Services Manager position: \$122,000

- Unfunds 1.0 Supervising Librarian or Library Services Manager position (filled)

Combines responsibilities of the Supervising Librarian and the Division Manager in the Support Services Division. Redefines work responsibilities, changes work procedures, delegates some tasks, potentially outsources some tasks and may affect timeliness of projects and some services.

TOTAL: \$122,000

POLICE

- Reduce Records Section Staffing: \$111,000
 - Unfunds 1.0 Police Records Specialist positions (filled)

The Records Unit will close to external and internal customers from 10:00 p.m. to 5:00 a.m., 7 days a week. Time-critical and essential responsibilities would be reassigned to the Emergency Communications Center (ECC) during those hours. Work quantity for the remaining Public Records Section staff would increase.

- Unfund Community Services Officer position: \$112,800
 - Unfunds 1.0 Community Services Officer positions (vacant)

Unfunds the CSO assigned to the Traffic Unit as the Abandoned Vehicle Abatement Services Officer (AVASA) position. Tagging and removal of abandoned vehicles could be transferred to the field CSO's and there would be some level of diminished service level to the community as this function would not be as high a priority as it is now with an assigned CSO to this function.

TOTAL: \$223,800

NON-DEPARTMENTAL

- Reduce Equipment Replacement Funding: \$100,000

Would reduce the annual funding amount needed to maintain funding in the equipment Replacement Reserve. Reduced funding in the long-term could delay the replacement of equipment when needed.

TOTAL: \$100,000

TOTAL OF TIER 2: \$995,100
TOTAL POSITIONS: 7.0 (3.0 vacant, 4.0 filled) \$758,000

**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11
TIER 3**

CITY CLERK

- Reduce Customer Service and City Council Support: \$45,000
 - Unfunds 0.5 Office Assistant III position (vacant)

The City Clerk's Office will no longer be able to support the scheduling, logistics and coordination of City Hall meeting rooms by outside agencies or organizations. City Council administrative support would also be reduced.

TOTAL: \$45,000

CITY ATTORNEY

- Reduce Code Enforcement Services by 50.0 Percent: \$125,000
 - Unfunds 1.0 Code Enforcement Officer position (filled)

Currently, staff responds to a complaint within five days of receiving the complaint. With the potential reductions, response times will increase significantly due to workload. Code enforcement actions will focus almost exclusively on life safety and zoning issues. Neighborhood preservation complaints such as front-yard storage, private-property parking complaints, signs and weeds would be considered lower-priority complaints and will result in some increase in the number of out-of-conformance properties.

TOTAL: \$125,000

CITY MANAGER

- Reduce the City's Multilingual Outreach Program: \$12,800
 - Eliminates hourly wages

The impact of reducing the program will be to limit the ability to interpret and translate (at meetings and written communications) in Russian and Chinese and would require the reliance solely on volunteers to provide Russian, Chinese and to supplement the capacity in Spanish interpretation and translation.

TOTAL: \$12,800

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Internal Support Services: \$39,600
 - Unfunds 1.0 Accounting Technician in Revenue (filled)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers.

Although work will be reallocated to other staff to the extent feasible, there will likely be service-level declines in a variety of support functions. There will likely be delays in reconciling accounts and responding to customer service requests. There will be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$39,600

PUBLIC WORKS

- Eliminate Dedicated Graffiti/Shopping Cart Abatement Program: \$54,700
 - Unfunds 1.0 Customer Service Technician position (filled – 0.5 in the GOF))

Field crews would respond to shopping cart incidents when hazardous conditions are identified. Graffiti incidents would be addressed on an as-time-permits basis and will result in delayed response to graffiti clean-up. Water utility-related functions (e.g., special water meter reads, delinquent account notices, service turn-ons/turn-offs, etc.) would be absorbed by other water utility staff.

TOTAL: \$54,700

COMMUNITY SERVICES

- Reduce Center for the Performing Arts Client Technical Support Services: \$92,800
 - Unfunds 1.0 Performing Arts Assistant position (filled)

Reduces the ability for Performing Arts staff to train clients, staff and volunteers in the proper and safe use of systems, spaces and equipment. Technical consultations would be eliminated, except on a cost-recovery basis, potentially impacting smaller, nonprofit clients. City-sponsored events would also be required to pay for direct out-of-pocket costs.

- Reduce Downtown Maintenance and Roadway Landscape Maintenance: \$104,400
 - Unfunds 1.0 Parks Maintenance Worker I/II position (filled)
 - Eliminates steam cleaning/high pressure washing contract services for Centennial Plaza \$7,000

Maintenance and service level reductions in roadway landscape will increase workloads and reduce trim cycles, resulting in less attractive medians and increased plant mortality over time. Steam-cleaning Centennial Plaza would be eliminated. Decreased cleaning will affect cleanliness and aesthetics.

TOTAL: \$197,200

LIBRARY

- Reduce the Materials Budget: \$50,000

Reduces the quantity of new materials added to the collection and the number of multiple copies of popular items. Library customers will have longer waits for popular books and DVD titles and old, worn-out materials will not be replaced as quickly.

TOTAL: \$50,000

FIRE

- Reduce Fire Outreach/Education/Media: \$121,800
 - Unfunds 1.0 Public Education Specialist position (filled)

Reduces capacity of the Fire Department to conduct outreach to the community in the area of fire prevention and emergency preparedness, through public education and engagement. (Basic emergency preparedness planning and training will be continued, including CERT.) The ability to handle media inquiries or proactively engage the mass media to communicate prevention and preparation information will be reduced. Returns staffing and services for this function to the level prior to Fiscal Year 2007-08.

TOTAL: \$121,800